

Charities Aid Foundation

TRUSTEES' REPORT

and financial statements for the year ended 30 April 2014



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OUR MISSION

Motivating society to give ever more effectively, helping to transform lives and communities around the world

CAF aims to deliver on its mission through our work in a number of focused areas:

- We support major donors at every stage of their philanthropy from sustainable funding through to strategic advice.
- We work with regular donors to enable them to give effective support to charities.
- We work with companies, providing support for the work they do with charities and communities and helping them to engage their employees in charitable activity.
- We work with a wide range of mainly smaller and medium sized charities, providing solutions for their funding and finance needs, across banking, investments, fundraising and social investment.
- We work through our global alliance to provide services and use its influence to support international, individual and company donors to make the most of the resources they have to give, wherever in the world they choose to focus.
- We represent the needs of donors and the charitable sector to government and other decision makers in working to improve the giving environment and to secure supportive legal, fiscal and regulatory conditions for donors, charities and social enterprises.

CHAIRMAN'S FOREWORD

The past year has been one of increasing scrutiny for the charitable sector, but also one of increasing optimism that the economic uncertainty that has hung over charities for the past five years may now be lifting.

With economic growth looking more established and early signs that giving is on an upward trajectory, the environment for charities looks more secure. But despite that backdrop, demand for the work that charities perform remains high and the need for charities to demonstrate the impact of their work is ever present.

Our UK Giving research suggests a welcome increase in donations, with the British public giving an estimated £10.4 billion to good causes. CAF's World Giving Index, the only global comparison of giving, also showed a rise in generosity across the world. That can only be good news for everyone working in not-for-profit organisations to address many of the most difficult social issues that face us today.

Many challenges remain, however. Charities have suffered major falls in government funding, and those with reserves have been affected by the continuing low interest rate environment. At CAF we have reduced our costs and streamlined our processes to provide a better service to charities and ensure we are well-placed to support the sector as the recovery takes hold.

Our mission to support the charitable sector and foster a culture of giving remains as vital as ever and our commitment to helping charities fulfil their mission remains unwavering. We pride ourselves on our role encouraging giving and providing services that keep costs low for charities and donors, and makes their funds go further – always putting our customers at the centre of what we do and treating them fairly.

CAF is unique in the breadth of support it provides to charities and the voluntary sector: trusts and foundations for major donors; charity accounts and payroll giving to make it convenient and simple to give; support for corporate giving and CSR; advice to charities, companies and individual donors; and a full range of banking and investment services, from loans, through tailored

investments to everyday banking, with all proceeds ploughed back into the sector.

As the economy recovers, it is excellent news that donations to charities through CAF are up on last year, rising from £428 million to £443m. Both corporate donations and giving by major donors through CAF are up.

Our work to provide empathetic financial services to charities has also grown. The pursuit by CAF Bank to extend and enhance its services to support charities of all sizes continues. CAF Bank has increased its number of accounts by more than 700, as charities seek a sympathetic and reliable home for their money. Increasingly charities are looking to make us their primary bankers. Our lending to charities has also grown substantially as we seek to support investment in new projects and new sources of income.

Priority continues to be given to compliance with more onerous financial services regulation, ensuring adequate capital is available and control functions are appropriate and operating effectively.

CAF Venturesome, our well regarded social investment arm, continues to be a leader in offering risk capital to charities and social enterprises and celebrated its 400th investment during the year. Since 2002, we have offered more than £33m of repayable and quasi equity finance to a wide range of charities and social enterprises here in the UK.

We have supported more than 50,000 organisations both large and small, local and international during the year by processing money from donors, offering banking, investments, fundraising, loans, and a range of other services. One such organisation was the Microloan Foundation which provides microfinance services in sub-Saharan Africa, which offers small loans to businesses in Malawi and Zambia that lack access to banking – a very real way in which we can support innovative projects that make a real difference to lives around the world.

We launched our online CAF Donate service to simplify fundraising and make it easier and more affordable for charities of all sizes to access direct debits and online

fundraising technology to reduce their costs and allow them to spend more time at the front line, an example of CAF removing cost and complexity. Hundreds of charities have started using this simple service and we remain committed to using technology to make giving easier and offer ever more efficient services to charities.

Encouraging and promoting charitable giving remains a vital part of CAF's mission. The Growing Giving inquiry, chaired by the Rt Hon David Blunkett MP, is yielding fascinating new thinking from a huge range of experts and organisations about involving people of all ages in supporting good causes. It is also extremely exciting for CAF to be bringing the worldwide Giving Tuesday campaign to Britain, building on the success of campaigns around the globe to motivate people to take a step into the world of giving.

Across the world, we are strengthening CAF's network of offices so they can be an effective catalyst for philanthropy in the world's fast growing markets. CAF's Future World Giving programme estimates that the global middle class could be contributing \$224 billion a year to charitable causes by 2030 if they give to the same extent as people in the UK. We are committed to supporting the growth of civil society around the world and translating the unprecedented changes in the economic fortunes of millions of people into support for civil society.

CAF has a long history of innovation, supporting new ideas with the potential to transform support for charities. For many years we have promoted the growth of Charity Bank and were delighted to see it secure substantial funding that will allow them to grow as an independent organisation, and increase greatly its support for charities and social enterprises. We wish the bank every success for the future.

I would like to express my gratitude to everyone who supports the work of CAF here in the UK and around the world. Staff, volunteers and my fellow Trustees all do excellent work on behalf of charities, other social purpose organisations and their beneficiaries. But above all, I would like to thank all our generous donors, and the charities and organisations we seek to serve, for their outstanding generosity and ongoing support – together we are making

a significant and lasting difference to the benefit of some of the most disadvantaged and vulnerable people in our communities around the world.



Dominic Casserley
Chairman of Trustees

ACHIEVEMENTS AND PERFORMANCE

Overview

Donations to charities through CAF in 2013/14 remained strong, increasing from £428m to £443m, showing how our donors continued to provide consistent support for their chosen causes despite continuing uncertainty in the British and global economies. We support around 50,000 charities with a variety of services, from processing donations to full banking services and loans.

Charitable donations in the UK proved resilient during 2013/14 with more than half of UK adults contributing to charitable causes in a typical month, according to the latest analysis of our UK Giving surveys.

	2013/14	2012/13
Donations paid to charities by CAF	£443m	£428m
Donations received by CAF from donors	£452m	£448m

Total funds managed by the CAF family were in line with the previous year at £2.9bn, which is £0.1bn above our plan for the year.

Major donors

We continue to build on our existing relationships with our major donors; helping them to achieve their ever more complex philanthropic vision and maximise the effectiveness of their giving. Our trusts facilitate tax-effective giving while our advisory services help donors plan their giving and ensure they make the maximum impact on their chosen causes

Social Investment has become popular with our major donors as it increases their charitable impact. We have expanded the options available to our donors by introducing the Community Land Trust Fund and Development Fund which has a higher risk profile but higher impact.

Our major donors gave £131m to their favourite causes which is an increase of £31m on last year; and a further £2m went into social investment through the CAF Trust service.

Regular givers

CAF Charity Account holders continued to be highly committed supporters of charitable causes, donating £100m in the year against £98m last year.

CAF Charity Account	Donations to charities
Gift Aid funded	£70m
CAF Give As You Earn funded	£30m
	£100m

In 2013/14 we claimed £23m in Gift Aid in respect of our major donors and regular givers, reducing the administrative burden on charities and increasing the amount available to be donated

Companies

CAF continues to provide expertise, support and giving vehicles to corporate donors, enabling them to develop successful corporate responsibility programmes and achieve greater social impact through their community investment.

We offer companies in the UK and internationally donor focussed solutions including advisory and consultancy services, donor-advised CAF Company Accounts and CAF Give As You Earn, where we remain the leading provider of payroll giving services.

In 2013/14 we saw a substantial increase of £17m in corporate donations received on the previous year, with companies giving £80m to charities worldwide through CAF Company Accounts and CAF Company Fundraising Accounts. These services facilitate programmes such as employee matched funding, grant making and the establishment of corporate foundations.

Through CAF Give As You Earn, employees donated £77m in 2013/14, including generous one-off gifts as well as regular monthly donations. We have also continued to work closely with the Government, particularly in relation to the HM Government Consultation on Payroll Giving, to promote and improve payroll giving within the UK.

Charities

We are continuing to develop our valued services for charities. CAF Bank is significantly growing its lending to charities and increasing the number of account holders as charities look to a bank run as part of the charitable sector to service their financial needs. Deposits in CAF Bank ended the year on £978m, up £56m on last year. The aggregate value of charity funds deposited in the CAF family's banking and investment services is in line with last year at £1.9bn.

CAF Venturesome helped pioneer social investment and continues its successful work investing in charities and social enterprises which would otherwise have great difficulty securing funding to support new projects and expansion. CAF Venturesome achieved a significant milestone earlier this year with the completion of its 400th deal in the social investment market. Since 2002, we have offered over £33m of repayable finance and quasi equity to a wide range of charities and social enterprises here in the UK.

We have also launched our new CAF Donate service to improve our support for fundraising. CAF Donate is an online donation processing platform. From setting up branded online donation pages to processing donations taken offline, CAF Donate helps charities manage their multi-channel fundraising with simplicity and ease.

International

Our work to strengthen civil society worldwide, and provide the foundations for the growth of giving by people and companies across the world is more important than ever given the social and economic changes in many countries.

CAF's network of offices around the world received donations of £73m, up 12% on last year, and our UK donors made donations to overseas causes in excess of £35m.

Across the globe, CAF has engaged in key debates on philanthropy and civil society, with our World Giving Index becoming increasingly influential as a measure of comparative generosity and our Future World Giving project looking at the potential to grow philanthropic giving from the emerging middle classes. In addition, CAF offices have played key roles in major conferences such as the first *Emerging Societies*, *Emerging Philanthropies* conference in St. Petersburg.

We have continued to develop our services to donors, relaunching blago.ru, our online giving platform in Russia; piloting a new online payroll giving system in Australia and developing our impact measurement and shared value advisory skills.

Sector support

CAF continues to lead opinion on charitable giving in order to encourage more people to give and ensure there is a continuing supportive environment for civil society.

Our Growing Giving Parliamentary inquiry has taken evidence from leading figures in business, charities and public policy as part of its year-old investigation into ways of encouraging people to give at different stages of their lives.

We have reshaped our annual UK Giving survey to provide more timely and detailed information on giving trends and have worked closely with the Cabinet Office Behaviour Economics Team to publish research on ways of promoting giving in the workplace, which has been well-received both by charities and companies.

PLANS FOR THE FUTURE

CAF continues to face a challenging environment with interest rates expected to remain at a low level for some time. However, CAF is well positioned to maintain and build on its services to charities and donors, while keeping costs under control. As a charity which exists to support the not-for-profit sector, we are setting ourselves ever more stretching objectives and we expect to see the positive impact of modernisation and change. We are looking to continue this transformation by focussing on a number of areas:

Stimulating Giving

We aim to significantly increase the volume of donations we process on behalf of donors, continually improving our new donation processing service, CAF Donate, in response to feedback from charities, as well as trying to build on our successful Charity Accounts.

We will also be making a significant investment in our market leading product, Give As You Earn (GAYE), and we believe that by enabling charities to make better use of the service, alongside a number of other exciting ideas, we will develop this source of valuable regular donations.

These developments are part of a concerted effort for us to reach more donors through other intermediaries, and open up new channels for giving, that should cater for the next generation of donors.

Customer Focus

We believe it is critical to understand what our existing and potential clients want, and be nimble and efficient in the delivery of our solutions to them. We will be investing in specific areas to further improve our service, attract new customers and therefore generate additional donations for charities. As part of this, we will also look to form a greater number of strategic partnerships with intermediaries such as wealth managers, legal firms and other advisors to promote philanthropy.

We are anticipating continued strong growth in CAF Bank's lending activities, as well as our social investment unit, CAF Venturesome.

There is also, inevitably, a strong 'digital' element in many of our plans across the organisation, as we see increasing numbers of our customers benefit from the use of a range of new channels.

International

In the coming year we will strengthen our focus on emerging markets. We recognise that the predicted growth of high net worth individuals and the middle classes in these countries represents a huge opportunity to increase philanthropy, but more needs to be done to build trust in the civil society sector and to stimulate and facilitate charitable giving if this opportunity is to be realised.

FINANCIAL REVIEW

The CAF group's finances encompass unrestricted, restricted, and endowment funds, with restricted funds comprising the majority of our activities.

The continued low interest rate environment and uncertain economic conditions have again affected areas of CAF's performance this year. Despite this, donations received and donations paid to charities are broadly in line with the plan and favourable compared to last year. Total consolidated income of the CAF group was £418m in 2013/14 (2012/13: £385m).

Unrestricted funds

Our unrestricted funds increased by £3.7m (2012/13: £2.4m) over the year from £47.8m to £51.5m. Although like-for-like income was down on the previous year, primarily as a result of reduced interest rates, total expenditure on charitable activities was £2.9m lower than 2012/13 as a result of a concerted effort to reduce costs and one-off items which arose in 2012/13.

The year saw non-recurring events which affected the level of our unrestricted funds, with increases of £4m and £0.7m relating, respectively, to CAF's investment in Charity Bank and a gain arising upon the revaluation of premises occupied by CAF. The group also incurred an expense of £2.1m representing CAF's share of the deficit of a multi-employer defined benefit pension scheme determined on an FRS17 basis.

Restricted funds

Despite the wider economic uncertainty, £386m was received into restricted funds from individual and company donors in 2013/14 by way of donations and investment income and donated £378m to other charities in the same period (2012/13: £353m and £333m respectively). In total, our restricted funds increased by £23m (2012/13: £62m) over the year from £921m to £944m, including investment gains of £15m (2012/13: £42m).

Donations paid from CAF Charitable Trusts saw a considerable rise from £100m in 2012/13 to £131m, but despite expectations this was still exceeded by donations

received from major donors reflecting the long term capital nature of the service. Restricted funds also benefitted from stronger donations into CAF Company accounts with £88m received during the year compared with £71m in 2012/13. We saw continuing growth in the amounts given through CAF American Donor Fund and other international activities.

Endowment funds

We have three endowment funds that are used for specific purposes. This includes £2.0m for two funds to support the development of a charitable giving culture in Russia and £0.1m to support the expansion of charitable giving in Australia.

Reserves policy

CAF's policy is to maintain, but not exceed, an adequate level of reserves to support the activities of the group, taking into account the risks to which CAF is exposed and existing and projected future levels of income and expenditure.

Given the nature of CAF's activities, the determination of the required level of reserves considers the risks inherent in our financially based activities including credit risk, operating risk and other risks to which CAF is exposed.

The policy and determination of the required level of reserves are set in accordance with Charity Commission guidelines and are reviewed annually by Trustees.

CAF's unrestricted funds stood at £51.5m at the end of 2013/14, an increase of £3.7m since the start of the financial year. Although reserves have increased significantly in recent years, we continue to develop activities which require additional capital and financial regulation continues to require increasing levels of capital. We therefore continue to take a cautious approach to the levels of capital retained.

We will continue to monitor our reserves position very closely to ensure proportionate capital is maintained to support the activities of the group.

Risk management

We are committed to a policy of identifying, monitoring and managing the risks that might adversely affect the activities in which we are involved. In this context, risk is defined as the potential to fail to achieve business objectives and for loss, financial and reputational, inherent in the environment in which we operate and in the nature of the transactions undertaken.

There has been in place throughout the year an ongoing process for identifying, evaluating and managing the risk that CAF and its subsidiaries face, which has been regularly reviewed by Trustees. Appropriate actions have, where possible, been put in place to mitigate the consequences of these risks.

CAF Trustees have overall responsibility for our system of internal control that is designed by senior management to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations. Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve CAF's charitable purposes, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Through the oversight of the Audit, Risk and Compliance Committee and the work of the Audit and Risk department, Trustees review the effectiveness of the system of internal control and risk management. Trustees are satisfied that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review process.

Principal risks and uncertainties

Risk	Mitigation
Liquidity risk: we must ensure that liquidity is sufficient to meet liabilities as they fall due and manage capital requirements adequately in order to secure the short-, medium- and long-term future.	<ul style="list-style-type: none"> Continuous monitoring of expected cash flows Investments are monitored for group entities by respective audit and risk committees and investment committees comprising Trustees and independent specialists Prudent reserves policy, as explained on above
Credit risk: our principal financial assets are bank balances, investments, returns from trading subsidiaries and fee income from products and services	<ul style="list-style-type: none"> The credit quality of the counterparties with whom the group places deposits or whose instruments the group buys are approved by management in accordance with policies and criteria approved by the boards of group entities. Investments are monitored by respective audit and risk committees and investment committees comprising board members and independent specialists The group sets criteria which include counterparty lending limits, group exposures, and credit rating The group uses Fitch, S&P and Moody to assess external credit.
Legal and regulatory risk: if law or regulation changed materially, or if our relationship with our regulators broke down, this could have a material impact on our financial position	<ul style="list-style-type: none"> We work to maintain good relationships with our regulators We have specialist compliance teams to assist us in meeting our legal and regulatory responsibilities We have comprehensive policies and training programmes for all staff to ensure that they are aware of their legal and regulatory responsibilities We have a policy team that monitors changes in law and regulation to ensure that we are aware of any potential changes in advance and can, insofar as possible, change and adapt in advance of any such legal or regulatory changes.
Capital and reserves: our reserves fall below the level required to provide the additional capital for our plans to develop the group, particularly given recent increases in capital requirements for financial services organisations	<ul style="list-style-type: none"> Our reserves monitoring and determination process take into account the principal financial risks to which we are exposed and the planned investment in developing the group's activities We take into account sensitivity to changes in external factors such as interest rates in our budgeting and financial planning processes We regularly review CAF Bank's capital plans and capital structure, taking into consideration the increasing levels of capital required to meet banking regulation.

Investment policies and performance

CAF adopts investment policies appropriate to the nature of the funds for which the investments are held. The policies include consideration of liquidity requirements, credit and interest rate risk, yield and diversification. The Investment Advisory Committee reviews our investment policies and performance on behalf of the Trustees.

CAF continues to be extremely cautious in the current financial climate, placing funds over which it has discretion only in the largest UK and global banks with stronger levels of sovereign support.

Unrestricted Trustees' funds

Unrestricted funds are used to support the operating activities of the CAF group, including long leasehold premises used for the group's activities. Surplus funds are invested in term deposits with UK banks, gilts, multilateral development bank bonds, and in a small value of highly rated corporate bonds. The total return of the bond portfolio for the year ended 30 April 2014 was -0.12%, compared to a market index of -3.76% (FTSE UK Government Securities UK Gilts 5 to 15 years) due to the shorter duration of CAF's bond holdings compared to the index in a period of rising market rates.

Restricted funds

Investments are held for restricted funds as follows:

CAF Charitable Trusts

Investments held in CAF Charitable Trusts are generally aligned with the charitable objectives of CAF or of each donor where these are more restricted. As a result, this portfolio consists of a broad range of investments often held over the longer term, comprising pooled investment funds, equities, bonds and cash deposits. Performance is measured against an appropriate benchmark taking into account the objectives of the donor, where this has been agreed.

Other restricted funds

Other restricted funds principally comprise balances held pending onward donation to other charities and are invested in term deposits with the largest UK banks, and in gilts, multilateral development bank bonds and corporate bonds.

Our yield on cash deposits at 2.21% for the year continued to outperform the market index of 0.59% (6 month LIBOR) as we took advantage of higher rates on longer term deposits as market rates decreased. We are expecting this outperformance to reduce in the future, with any increase in market rates expected to have minimal positive effect in the short-term on the rates available from banks meeting CAF's investment criteria. On our bond and gilt portfolio the total return for the year ended 30 April 2014 was -0.65%, compared to a market index of -3.76% (FTSE UK Government Securities UK Gilts 5 to 15 years) due to the shorter duration of CAF's bond holdings compared to the index.

Investment policies of subsidiary and associated companies and trusts are determined and managed by their respective boards. Details of these policies are set out in the report and financial statements of each entity.

Pension arrangements

CAF has begun a process to set up a closed CAF-specific defined benefit pension scheme which will be closed to new members from inception. CAF plans to transfer assets and liabilities relating to CAF employees, former employees and pensioners from The Pensions Trust Growth Plan Series 1, 2 and 3 into this new scheme. Full details are provided in note 25 to the financial statements.

Going concern

Our business activities, together with our financial position and factors likely to affect our future development and performance are set out in this report and financial statements. Our forecasts and objectives, which take into account the current economic environment, show that we should be able to operate at adequate levels of both liquidity and capital. Consequently, the Trustees are satisfied that we should have sufficient resources to continue to operate and have, therefore, continued to adopt the going concern basis in preparing the financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charities Aid Foundation is a registered charity (number 268369) and is governed by a Declaration of Trust dated 2 October 1974 (as amended from time to time). The Board of Trustees, together with the executive are set out at the end of this document.

The Board of Trustees is the body responsible for the management of CAF and is required to consist of:

- Not less than eight Trustees appointed by resolution of the Trustees; and
- the Chairman of NCVO

The Board meets at least five times a year. All Trustees are non-executive and none of them receives remuneration from CAF. Trustees are appointed to hold office for a term of three years. Except for the Chairman of NCVO, no Trustee may hold office for more than three consecutive terms. Newly appointed Trustees undertake a series of meetings with CAF's senior management, which ensures that they gain a full understanding of CAF and their responsibilities.

The Trustees delegate management responsibilities to the Chief Executive and also delegate certain functions to the sub-committees described below. Each sub-committee has specific terms of reference and a chairman appointed by the Trustees. Trustees strengthen the sub-committees by co-opting experts in the relevant field. This delegation is controlled by requiring regular reporting from the Chief Executive and the sub-committees to the Board of Trustees.

Public benefit

CAF's purpose (as set out in the Declaration of Trust) is to raise money and hold funds 'for the benefit of such charitable institutions or such charitable purposes as the Trustees shall think fit'. The activities and objectives arising from the pursuit of our mission are described throughout this report. CAF's purpose and its activities contribute to the public benefit by creating value for other charities and helping to shape the charitable sector.

CAF has paid due regard to the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning its future activities.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of Trustees with relevant expertise. The committee meets with senior management and the external auditors at least four times a year. The committee's purpose is to review and make recommendations on the following on behalf of the Trustees:

- Internal control and risk management systems
- Effectiveness of internal audit
- CAF's relationship with its external auditors
- Procedures for compliance with anti-money laundering legislation and CAF's other regulatory obligations
- Annual report and accounts
- The arrangement by which staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters

Investment Advisory Committee

The Investment Advisory Committee is a panel of independent investment experts chaired by a Trustee. The committee meets with senior management at least four times a year. The purpose of the committee is to advise the Trustees on investment matters regarding CAF's funds as well as the funds held in CAF Charitable Trusts or as agent. This is undertaken in the context of our long range strategic plans, operational activities and Charity Commission guidelines. The committee monitors compliance with agreed investment policies and performance benchmarks. It also monitors compliance with procedures relating to investments, as well as providing other advice on an ad hoc basis.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee advises the Trustees on the appointment of CAF's Trustees and of the co-opted members and advisers to the boards and committees of the CAF group. The committee also makes recommendations regarding the remuneration of the Chief Executive and other senior executive officers, and reviews and agrees the basis for the general pay award to staff. It reviews the general terms and

conditions of employment of our staff with particular attention to the provision of pension arrangements. The committee meets at least three times a year.

The CAF family

The CAF family comprises the UK and overseas organisations together with a number of other bodies that provide charity, banking and investment services. CAF is represented on the governing boards of the separately constituted family members by senior executive officers of CAF and where relevant by Trustees of CAF or independent experts in the relevant field. CAF's Board of Trustees regularly receives updates from the boards of each entity in the CAF group. The members of the CAF family are listed below and further details can be found in note 2 to the financial statements.

The CAF family includes the following entities whose results and net assets are included in the group financial statements:

- CAF
- CAF Bank Ltd
- CAF Financial Solutions Ltd
- CAF Investments Ltd
- CAF America
- Southampton Row Trust Ltd (CAF American Donor Fund)
- CAF Canada
- CAF Global Trustees
- CAF Australia, together with:
 - CAF Community Fund
 - CAF Research & Technology Ltd.
- CAF Russia (*branch*), together with:
 - CAF Philanthropy Services LLC
 - CAF Foundation for Philanthropy Support and Development
- Ven Investments Ltd

Independent members of our international network

The results and net assets of the following are not consolidated into our group financial statements:

- Bulgarian CAF
- CAF India
- IDIS, Brazil
- CAF Southern Africa
- CAF South East Asia

CAF branded investment and banking products

The results and net assets of the following are not consolidated into our group financial statements, although the group does receive fees and commissions from the promotion of these products:

- CAF UK Equitrack Fund
- CAF Socially Responsible Portfolio
- FP CAF Investment Funds
- CAF 90 Day Notice Account
- CAF One Year Fixed Term Deposit Account
- CAF 12 Month Bond

Charity Bank

From its formation in 2002 until 31 May 2013 Charity Bank operated as an independent self-financing business within the CAF family. Whilst holding 100% of the ordinary share capital and being wholly supportive of Charity Bank's mission and strategy, Charity Bank's governance structure was such that CAF did not control or exercise significant influence over its affairs and CAF had no substantive involvement with Charity Bank's day-to-day business or operations. Charity Bank operated as a wholly independent undertaking entirely reliant on the strength of its own balance sheet and with no recourse to CAF by way of any form of direct or indirect financial support. Accordingly, Charity Bank was not consolidated in the group accounts.

During the year CAF supported a plan to facilitate the injection of additional third party capital into Charity Bank, which resulted in Charity Bank ceasing to be a registered charity, whilst putting restrictions in place to maintain its original charitable objects. As part of a Charity Commission approved scheme and statutory advice, Charity Bank's charitable property of £8.12m was transferred to CAF and immediately gifted back to Charity Bank as an irrevocable capital contribution.

Changes made to the governance structure of Charity Bank as part of this plan resulted in CAF holding a temporary controlling interest in Charity Bank for the period from 31 May 2013 until 28 March 2014. On 28 March 2014 CAF's shareholding was reduced to 35% as a result of an investment of £4.5m from Big Society Capital ("BSC"). This formed the first part of a commitment by BSC to invest a

total of up to £14.5m in Charity Bank over the next three years, at the completion of which CAF's interest in Charity Bank will be reduced to less than 19%.

CAF's intention is to be a long-term passive investor in Charity Bank, but does not intend to be a source of further capital as Charity Bank's needs grow. In addition, there will be no trading relationships between the two organisations and CAF proposes to invest its capital and resources in CAF Bank to develop a charity lending book.

As a consequence of BSC's investment in Charity Bank being within twelve months of CAF acquiring a controlling interest, Trustees have used the temporary ownership exemption permitted by FRS2 and have not consolidated the results of Charity Bank into the financial statements. Furthermore, the powers that have been put in place to safeguard the position of BSC, following its investment, have led Trustees to conclude that they do not have significant influence over the affairs of Charity Bank and consequently they have not and will not be equity accounting for CAF's share of the results of Charity Bank going forward.

Relationships with other charities

We have links with a large number of charities through the provision of financial and administration services, as well as with our founder, NCV0, which was paid £1.8m (2012/13: £1.5m) during the year under an enduring contractual obligation.

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the trust deed of the charity and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The group and charity's financial statements are required by law to give a true and fair view of the state of affairs of the group and charity and of the group's and charity's excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 18 September 2014 and signed on their behalf



Dominic Casserley
Chairman of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CHARITIES AID FOUNDATION

We have audited the group and charity financial statements (the 'financial statements') of Charities Aid Foundation for the year ended 30 April 2014, set out on pages 16 to 40. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees as a body, in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14 the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 30 April 2014 and of the group's incoming resources and application of resources for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Charities Act 2011

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements, or
- the charity has not kept sufficient accounting records, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.

Mike Peck

Michael Peck

for and on behalf of KPMG LLP,
Statutory Auditor Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

18 September 2014

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 APRIL 2014

		Unrestricted funds		Restricted and endowment funds		Total	
	Notes	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Income and donations received							
Donations received	2	5,063	3,098	375,547	343,454	380,610	346,552
Fee income		10,341	9,685	-	-	10,341	9,685
Investment income	3	8,511	9,722	10,865	9,918	19,376	19,640
CAF Bank net interest income	2	7,886	8,870	-	-	7,886	8,870
Total income	4	31,801	31,375	386,412	353,372	418,213	384,747
Expenditure on charitable activities							
Donations paid to charities		460	884	377,879	332,772	378,339	333,656
Direct costs of charitable activities		13,625	14,878	-	-	13,625	14,878
Support costs of charitable activities		14,512	15,796	-	-	14,512	15,796
Governance costs	5	515	482	-	-	515	482
Total expenditure	4	29,112	32,040	377,879	332,772	406,991	364,812
Net surplus/(deficit) before exceptional items		2,689	(665)	8,533	20,600	11,222	19,935
Exceptional items							
Defined benefit pensions	25	(2,100)	-	-	-	(2,100)	-
Charity Bank:	2						
Charitable property received		-	-	8,120	-	8,120	-
Irrevocable capital contribution		-	-	(8,120)	-	(8,120)	-
Net surplus/(deficit) before other recognised gains and losses		589	(665)	8,533	20,600	9,122	19,935
Gains on fixed asset investments		2,500	3,148	14,813	41,869	17,313	45,017
Long leasehold property revaluation	9	651	(4)	-	-	651	(4)
Taxation	8	(51)	(56)	-	-	(51)	(56)
Net movement in funds		3,689	2,423	23,346	62,469	27,035	64,892
Fund balances brought forward		47,797	45,374	923,169	860,700	970,966	906,074
Fund balances carried forward	18	51,486	47,797	946,515	923,169	998,001	970,966

All income and expenditure for the current and prior year are derived from continuing operations.
All gains and losses arising in the year and in the preceding year are included above.

The notes on pages 19 to 40 form an integral part of these financial statements.

GROUP AND CHARITY BALANCE SHEETS AS AT 30 APRIL 2014

		Group		Charity	
	Notes	2014 £000	2013 £000	2014 £000	2013 £000
Fixed assets					
Tangible assets	9	5,526	4,782	5,462	4,670
Investments	10	529,136	490,091	538,694	500,293
		534,662	494,873	544,156	504,963
Current assets					
Investments	11	492,972	492,353	-	-
Interest receivable		9,325	8,919	4,360	5,330
Debtors	12	17,953	12,949	13,029	12,347
Money market and bank balances	13	959,854	925,844	422,732	440,810
		1,480,104	1,440,065	440,121	458,487
Current liabilities: amounts falling due within one year					
Creditors	14	15,386	22,366	13,224	19,830
Donor client balances	15	9,125	8,794	9,125	8,794
CAF Bank depositors' balances		977,907	922,217	-	-
		1,002,418	953,377	22,349	28,624
Net current assets		477,686	486,688	417,772	429,863
Total assets less current liabilities		1,012,348	981,561	961,928	934,826
Liabilities: amounts falling due after more than one year					
Creditors	14	10,397	8,502	10,397	8,502
Loan stock and preference shares	16	1,850	1,850	-	-
Defined benefit pension scheme liability	25	2,100	-	2,100	-
Provisions for liabilities	17	-	243	-	243
Net assets		998,001	970,966	949,431	926,081
Funds	18				
Funds held for the benefit of charities or for charitable purposes					
Endowment funds		2,089	2,170	1,956	1,923
Restricted funds		944,426	920,999	896,737	876,909
		946,515	923,169	898,693	878,832
Own reserves - funds for charitable purposes					
Unrestricted funds		51,486	47,797	50,738	47,249
		998,001	970,966	949,431	926,081

The notes on pages 19 to 40 form an integral part of these financial statements.

Approved by the Trustees on 18 September 2014 and signed on their behalf



Dominic Casserley
Chairman of Trustees



Mike Dixon ACA
Director of Finance and Operations

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2014

	Notes	2014		2013	
		£000	£000	£000	£000
Cash inflow/(outflow) from operating activities	20.1		57,260		(33,780)
Taxation					
UK corporation tax paid			(81)		(56)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(470)		(180)	
Payments to acquire fixed asset investments		(233,677)		(306,131)	
Proceeds on disposal of fixed asset investments		213,154		361,791	
			(20,993)		55,480
Cash inflow before management of liquid resources and financing	20.3		36,186		21,644
Management of liquid resources					
Payments to acquire current asset investments		(235,783)		(483,568)	
Proceeds on disposal of current asset investments		233,607		678,856	
Net deposits in the money market		(39,051)		(200,394)	
			(41,227)		(5,106)
(Decrease)/increase in cash in the year	20.2/3		(5,041)		16,538

The decrease in cash in the year of £5,041,000 is a result of investment in longer term money market deposits and other investments.

The notes on pages 19 to 40 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

1. Accounting policies

Basis of preparation of financial statements and accounting standards

The group financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain fixed asset investments, and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), 'Accounting and Reporting by Charities' Statement of Recommended Practice (SORP 2005), the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008, except for the provision of SORP 2005 for all investments to be valued at market value, since certain debt securities which are normally held to maturity for balance sheet management purposes are valued at amortised cost. The financial statements have been prepared on a going concern basis.

Fund accounting

Unrestricted funds comprise general funds that are available for use at the discretion of the Trustees in furtherance of the general objectives of the group, and a revaluation reserve representing the difference between the historical cost of tangible fixed assets and the revalued amounts included in the balance sheet.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the group for specific purposes. The costs of administering restricted funds are charged to the specific fund.

Endowment funds are held in respect of the following:

- Two permanent endowments for which the assets must be held permanently by the charity. Income from those assets may only be used to support the charity's operations in Russia.
- An expendable endowment to be used for the strategic development of the group's activities in Australia.

Income and donations received

Income and donations received comprise the following:

- Donations received which includes tax effective donations, legacies and gifts-in-kind from individuals, trust clients and companies
- Fee income, representing fees earned on processing donor funds, management, marketing and administration services of CAF investment products and CAF Russia grant programmes
- Investment income and

- CAF Bank net interest income, representing interest earned by CAF Bank Limited after deduction of the interest paid to its charity depositors

Income and donations received are included in the Statement of Financial Activities (SOFA) when the group is legally entitled to the income and the amount can be quantified with reasonable accuracy. Donations are accounted for when any conditions for receipt have been met and there is reasonable assurance of receipt. All other income and donations received are accounted for on an accruals basis.

Donations processed by the group acting in an agency role are not included in the SOFA. These consist of amounts in respect of CAF Give As You Earn and CAF Fundraising Support services.

Expenditure on charitable activities

The SOFA shows expenditure for direct costs and support costs, accounted for on an accruals basis. Where support costs cannot be directly attributed to one or more categories, they are apportioned on the basis of staff headcount.

Donations paid to charities

Donations paid to charities principally represent donations to charities by CAF clients. Such expenditure is charged to the SOFA when both the group and beneficiary charities are notified in the normal course of business of an unconditional obligation to transfer funds. Amounts to be paid at a future date are included in creditors.

Support costs

Support costs include those relating to business support (including human resource and general administration expenses), executive management, finance, and information systems. The details of support costs are shown under note 4.1.

Governance costs

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Research expenditure

CAF conducts research into various aspects of the funding of the voluntary sector including grantmaking and voluntary giving. Expenditure on this research is accounted for on an accruals basis.

1. Accounting policies (continued)

VAT

Irrecoverable VAT is charged as a cost to the SOFA.

Operating leases

Operating lease rentals are charged to the SOFA on a straight line basis over the term of the lease.

Pension costs

Defined contribution pension schemes

Pension contributions payable in the year in respect of defined contribution pension schemes are charged in the SOFA on an accruals basis.

Defined benefit pension schemes

During the year CAF decided to withdraw, at a date to be decided, from a multi-employer defined benefit pension scheme operated by The Pensions Trust, which has been closed to new members since July 2012. CAF intends to transfer its share of assets and liabilities into a new closed defined benefit scheme. As a result CAF has been able to determine its share of the assets and liabilities of the scheme in respect of its employees and of the plans orphaned members and account for them in accordance with the provisions of FRS 17 as set out in notes 6 and 25.

Since April 2013 CAF has paid an annual levy in respect of a 10-year deficit reduction plan for The Pensions Trust multi-employer scheme. These amounts have been charged to the SOFA and further details are set out in notes 6 and 25.

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling for sterling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange at that date.

The results of overseas operations are translated at the average annual rate of exchange and their balance sheets at the rates ruling at the balance sheet date.

Exchange differences arising, including those on the translation of opening net assets of overseas subsidiary undertakings, are taken to the SOFA.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost, or in the case of land and buildings at valuation, including any incidental expenses of acquisition. Valuation of land and buildings is determined by an independent valuer at least every five years. The gain or loss on revaluation of land and buildings is transferred to the revaluation reserve. A review is performed in subsequent years to identify material changes in value. Where a material change in value is detected from a review an interim valuation is conducted by a qualified valuer. Impairment reviews are only carried out if there is an indication that the recoverable amount of an asset is below the asset's net book value.

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or revalued amount on a straight line basis over their expected useful lives as follows:

Long leasehold property	50 years
Long leasehold and other leasehold improvements	Shorter of the remaining life of the lease or the useful economic life of the improvements
Furniture and fittings	4 years
Computer equipment	3 years
Software licences and development costs	A maximum of 3 years

Investments

Three classes of fixed asset investments are held by the group in order to generate income for the support of charitable activities and to provide suitable assets to meet the needs of reserves:

- Fixed term debt securities held other than for CAF Charitable Trusts which are expected to be held to maturity. These are shown at cost plus or minus amortisation of any discount or premium on redemption and are regularly reviewed for impairment

- Investments held for CAF Charitable Trusts (see note 18.2) are included at market value at the balance sheet date. Any surplus or deficit on revaluation is transferred to the fund for which the security is held. If no market value is readily available at the balance sheet date for unlisted investments, they are included at the most recently available value; at Trustees' valuation; or value upon acquisition by or gift to CAF
- Investments in subsidiaries are stated at cost less any impairment

The SOFA includes net gains and losses arising on revaluations and disposals throughout the year.

Current asset investments are all held by CAF Bank Limited. These are held to maturity and are shown at cost plus or minus amortisation of any discount or premium on redemption.

CAF Venturesome and CAF Social Impact Fund

CAF Venturesome and the CAF Social Impact Fund provide advice, finance and capital investment to charities and social purpose organisations, aiming to fill the funding gap between grantmaking and bank lending. Loans are included in debtors (note 12) net of provisions made for their non-recovery. Provisions are made on a case-by-case basis and are adjusted as necessary following monthly reviews of the risks associated with each loan.

2. Consolidation

The group financial statements include the accounts of CAF (the charity) and its subsidiary undertakings for the year. The income and donations received and net movement in funds for CAF (the charity) are disclosed in note 18. Further details of CAF's relationship with each member of the CAF family can be found in the Trustees' report.

Consolidated entities

The following entities are controlled by CAF and are consolidated in the group financial statements using the equity method:

Trading subsidiaries

CAF owns 100% of the equity share capital of the following:

- CAF Bank Ltd, a bank for charities authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

- CAF Financial Solutions Ltd, a company authorised and regulated by the Financial Conduct Authority, responsible for the marketing and promotion of regulated savings and investment products to customers of CAF and its subsidiaries
- CAF Investments Ltd, the sponsor of an Open Ended Investment Company (OEIC), namely, FP CAF Investment Fund

UK registered charities

Southampton Row Trust Ltd, which operates as the CAF American Donor Fund, is a UK charitable company registered with the Charity Commission (number 1079020). Throughout the year it was wholly-owned by CAF America (see below). CAF American Donor Fund supports cross-border tax-efficient giving by enabling individuals liable for tax in both the UK and USA to obtain tax relief in each country on charitable gifts.

Overseas charitable entities

CAF controls the following overseas charitable entities:

- **CAF America**, a US public charity recognised by the US Internal Revenue Service. CAF America provides US citizens with the opportunity to make tax-effective gifts for the support of overseas charities. CAF has the power to appoint and remove the members of CAF America at any time
- **CAF Australia**, offers a range of charitable services to Australian donors and charities similar to those offered by CAF in the UK. CAF is the sole member and appoints the directors of the entities in the CAF Australia group which includes CAF Australia, CAF Community Fund and CAF Research & Technology Ltd.
- **CAF Philanthropy Services LLC and the CAF Foundation for Philanthropy Support and Development**, which were founded in Russia by CAF and operate alongside our branch in Moscow. Together they work to raise awareness of NGO's and to advance giving and philanthropy in Russia

Other consolidated entities

CAF owns 100% of the equity share capital of Ven Investments Ltd, an investment holding company. Ven Investments holds investments on behalf of restricted trust funds.

2. Consolidation (continued)

CAF Global Trustees (CAF GT)

CAF GT is a UK charitable company registered with the Charity Commission (registered number 1111039). It acts as the corporate trustee of a number of charitable foundations, enabling donors to register their own charitable foundation in the UK even if they are not a UK citizen. CAF controls CAF GT and its results and net assets are included in the accounts of the CAF Group.

CAF does not exercise control over, nor have any beneficial interest in the net assets of the independent charities for which CAF GT acts as the corporate trustee and accordingly these charities are not consolidated in the accounts of the CAF Group.

Entities not consolidated

Bulgarian CAF, CAF India, CAF Southern Africa and CAF South East Asia are independent members of the CAF international network. CAF has a minority representation on their boards and consequently their results are not consolidated in the group financial statements. IDIS Brazil is a strategic partner within the CAF International network.

Other than through investment as an account holder or unit holder, and fees earned for administration and marketing, the CAF Group entities have no beneficial interest in the net assets of the following:

- CAF UK Equitrack Fund
- CAF Socially Responsible Portfolio
- CAF Fixed Rate Selector Account
- FP CAF Investment Fund
- CAF 90 Day Notice Account
- CAF One Year Fixed Term Deposit Account
- CAF 12 Month Bond

Charity Bank

From its formation in 2002 until 31 May 2013 Charity Bank operated as an independent self-financing business within the CAF family. Whilst holding 100% of the ordinary share capital and being wholly supportive of Charity Bank's mission and strategy, Charity Bank's governance structure was such that CAF did not control or exercise significant influence over its affairs and CAF had no substantive involvement with Charity Bank's day-to-day business or operations. Charity Bank operated as a wholly independent undertaking entirely reliant on the strength of its own balance sheet and with no recourse to CAF by way of any form of direct or indirect financial support. Accordingly, Charity Bank was not consolidated in the group accounts.

During the year CAF supported a plan to facilitate the injection of additional third party capital into Charity Bank, which resulted in Charity Bank ceasing to be a registered charity, whilst putting restrictions in place to maintain its original charitable objects. As part of a Charity Commission approved scheme and statutory advice, Charity Bank's charitable property of £8.12m was transferred to CAF and immediately gifted back to Charity Bank as an irrevocable capital contribution. These transactions have been reflected in the SOFA as exceptional items within restricted funds.

Changes made to the governance structure of Charity Bank as part of this plan resulted in CAF holding a temporary controlling interest in Charity Bank for the period from 31 May 2013 until 28 March 2014. On 28 March 2014 CAF's shareholding was reduced to 35% as a result of an investment of £4.5m from Big Society Capital ("BSC"). This formed the first of a commitment by BSC to invest a total of up to £14.5m in Charity Bank over three years, at the completion of which CAF's interest will be reduced to less than 19%.

2. Consolidation (continued)

The plan to facilitate the investment by BSC involved the co-operation of a number of parties and included a gift to CAF, by a single Charity Bank investor, of loan stock and preference shares with a value of £1.5m. This donation received has been reflected in the SOFA under unrestricted funds. In addition, CAF reviewed the impairment of its original 2002 investment in Charity Bank in light of the injection of external capital and of Charity Bank's future plans. The review concluded that the impairment should be reversed and consequently, a gain of £2.5m on fixed asset investments held for unrestricted funds is reflected in the SOFA.

CAF's intention is to be a long-term passive investor in Charity Bank, but does not intend to be a source of further capital as Charity Bank's needs grow. In addition, there will be no trading relationships between the two organisations and CAF proposes to invest its capital and resources in CAF Bank to develop a charity lending book.

As a consequence of BSC's investment in Charity Bank being within twelve months of CAF acquiring a controlling interest, Trustees have used the temporary ownership exemption permitted by FRS2 and have not consolidated the results of Charity Bank into these financial statements. Furthermore, the powers that have been put in place to safeguard the position of BSC, following its investment, have led Trustees to conclude that they do not have significant influence over the affairs of Charity Bank and consequently they have not and will not be equity accounting for CAF's share of the results of Charity Bank going forward.

Results of subsidiaries

Due to the number of subsidiary undertakings, the disclosure required by the Charities SORP would result in information of excessive length being given. As a result, information is only given for CAF Bank, whose results materially affect the group accounts.

	2014	2013
	£000	£000
CAF Bank Limited		
Interest receivable	11,096	13,120
Interest payable	(3,210)	(4,250)
Net interest income	7,886	8,870
Operating expenditure	(93)	(547)
Administrative expenses	(5,123)	(4,801)
Operating profit before exceptional items	2,670	3,522
Gain on sale of gilts/bonds	-	(1)
FSCS levy (note 7)	(275)	(248)
Operating profit	2,395	3,273
Charitable donation to CAF	(2,344)	(3,217)
Profit on ordinary activities before taxation	51	56
Tax on profit on ordinary activities	(51)	(56)
Retained profit for the year	-	-

The results and activities of the group's subsidiaries other than CAF Bank are set out in note 18.2.

3. Investment income

	Unrestricted		Restricted		Total	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Interest on fixed interest securities and cash deposits	8,255	9,447	1,289	1,829	9,544	11,276
Dividends	32	32	9,576	8,089	9,608	8,121
Interest on loans to charities	224	243	-	-	224	243
	8,511	9,722	10,865	9,918	19,376	19,640

4. Income and donations received and charitable activities expenditure

4.1 Unrestricted funds

	Major donors	Regular givers	Companies	Charities	Inter-national	Sector support	Other funds	Total 2014	Total 2013
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income and donations received									
Donations received	120	1,352	447	138	1,251	5	1,750	5,063	3,098
Fee income	2,031	370	2,066	1,882	3,475	517	-	10,341	9,685
Investment income	3,049	2,013	2,083	438	115	209	604	8,511	9,722
CAF Bank net interest income	-	-	-	7,886	-	-	-	7,886	8,870
Total income	5,200	3,735	4,596	10,344	4,841	731	2,354	31,801	31,375
Expenditure on charitable activities									
Donations paid to charities	-	-	-	29	388	43	-	460	884
Direct costs of charitable activities	1,258	1,075	1,809	4,493	3,538	1,419	33	13,625	14,878
Support costs of charitable activities									
Business support	673	738	1,291	3,106	665	349	-	6,822	7,527
Finance and executive management	236	229	491	1,157	261	179	-	2,553	2,771
Information systems	707	696	1,102	1,739	615	278	-	5,137	5,498
Total support costs of charitable activities	1,616	1,663	2,884	6,002	1,541	806	-	14,512	15,796
Governance costs	46	45	97	222	70	35	-	515	482
Total expenditure	2,920	2,783	4,790	10,746	5,537	2,303	33	29,112	32,040
Net surplus/(deficit) before exceptional items	2,280	952	(194)	(402)	(696)	(1,572)	2,321	2,689	(665)
Exceptional items									
Defined benefit pension scheme deficit	-	-	-	-	-	-	(2,100)	(2,100)	-
Net surplus/(deficit) before other recognised gains & losses	2,280	952	(194)	(402)	(696)	(1,572)	221	589	(665)
Gains on fixed asset investments	-	-	-	-	-	-	2,500	2,500	3,148
Property revaluation	-	-	-	-	-	-	651	651	(4)
Taxation	-	-	-	(51)	-	-	-	(51)	(56)
Net movement in funds	2,280	952	(194)	(453)	(696)	(1,572)	3,372	3,689	2,423

Allocation of support costs

CAF adopts a policy of allocating costs to its operations. Where support costs cannot be directly attributed to an activity, they are assessed and allocated on the basis of the activities that they support, or where they cannot be allocated to activities they are allocated on the basis of staff headcount.

4.2 Restricted and endowment funds

	Major donors	Regular givers	Companies	Charities	Inter-national	Sector support	Total 2014	Total 2013
	£000	£000	£000	£000	£000	£000	£000	£000
Income and donations received								
Donations received	121,861	69,622	118,089	2	65,601	372	375,547	343,454
Investment income	10,389	-	-	-	476	-	10,865	9,918
Total income	132,250	69,622	118,089	2	66,077	372	386,412	353,372
Expenditure on charitable activities								
Donations paid to charities	130,594	74,364	110,147	211	62,449	114	377,879	332,772
Total expenditure	130,594	74,364	110,147	211	62,449	114	377,879	332,772
Net surplus/(deficit) before exceptional items	1,656	(4,742)	7,942	(209)	3,628	258	8,533	20,600
Exceptional items								
Charity Bank (see note 2):								
Charitable property received	-	-	-	-	-	8,120	8,120	-
Irrevocable capital contribution	-	-	-	-	-	(8,120)	(8,120)	-
Net surplus/(deficit) before other recognised gains & losses	1,656	(4,742)	7,942	(209)	3,628	258	8,533	20,600
Gains on fixed asset investments	14,388	-	-	-	425	-	14,813	41,869
Net movement in funds	16,044	(4,742)	7,942	(209)	4,053	258	23,346	62,469

Payments to NCVO

Donations paid to charities include £1,791,000 (2013: £1,479,000) paid to CAF's founder, NCVO, under an enduring obligation with the terms of CAF's Declaration of Trust.

5. Governance costs

	2014	2013
	£000	£000
Internal audit	134	108
External audit:		
Audit fees	254	245
Other	9	33
Company secretarial	13	13
Trustees' indemnity insurance	18	12
Trustees' and meeting expenses	-	1
Support costs	87	70
	515	482

6. Staff costs

	2014	2013
	£000	£000
Salaries and wages	14,775	15,748
Social security costs	1,541	1,616
Pension costs	846	981
Training and welfare	392	517
	17,554	18,862
Multi-employer defined benefit pension scheme (see note 25):		
Payments under 10-year deficit reduction plan	325	27
Exceptional item – share of scheme deficit	2,100	-
	19,979	18,889

6. Staff costs (continued)

Employee emoluments

The number of staff whose total emoluments (salary plus taxable benefits excluding pension contributions) exceeded £60,000 during the year is as follows:

	2014	2013
	Number	Number
£60,001 - £70,000	9	7
£70,001 - £80,000	4	8
£80,001 - £90,000	7	6
£90,001 - £100,000	2	1
£100,001 - £110,000	1	3
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
	26	28

Pension contributions were paid by CAF in respect of 22 (2013: 22) of the employees included in the preceding table.

	2014	2013
	£000	£000
The aggregate value of those contributions was	160	237

	2014	2013
	Number	Number
Average number of employees during the year	515	523

Average number of full time equivalent employees analysed by function:

Major donors	43	48
Regular givers	40	47
Companies	86	95
Charities	151	155
International	85	73
Sector support	37	40
Governance	4	3
	446	461

7. FSCS levy

In 2009 CAF Bank was advised by the FSA of a substantial increase in the Financial Services Compensation Scheme ('FSCS') levy. This is required to fund interest on borrowings undertaken by the FSCS to make good protected deposits at banks seeking the scheme's support.

The levy year runs from 1 April to 31 March, and the amount of the levy is based on a bank's share of protected deposits at 1 April. The provision at 30 April 2014 represents the estimated amounts due in respect of CAF Bank's participation in the scheme for the years ending 2014 and 2015, and a provision on a best estimate basis of CAF Bank's share of the shortfall in amounts recovered under the scheme.

As a participant in the FSCS, CAF Bank has an obligation to make good its share of any potential shortfall in amounts recovered from banks being wound down compared to borrowings taken out to fund protected deposits via a capital compensation levy. The amount accrued as at 30 April 2014 includes £208,000 in respect of the second year of the capital levy.

	2014	2013
	£000	£000
Provision at 1 May 2013	839	778
Paid during the year	(381)	(187)
Provided during the year	275	248
Provision at 30 April 2014	733	839

8. Taxation

CAF is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The tax charge of £51,000 (2013: £56,000) is attributable to profits which are retained by CAF Bank for the payment of interest on preference shares.

9. Tangible assets

Group	Long leasehold property & improvements	Other leasehold improvements	Furniture, fittings & computer equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 May 2013	5,811	317	3,570	9,698
Additions	-	455	15	470
Disposals	(690)	(5)	(1,349)	(2,044)
Revaluation	207	-	-	207
At 30 April 2014	5,328	767	2,236	8,331
Depreciation				
At 1 May 2013	1,320	240	3,356	4,916
Charged in year	147	62	159	368
On disposal	(690)	-	(1,340)	(2,030)
On revaluation	(449)	-	-	(449)
At 30 April 2014	328	302	2,175	2,805
Net book value				
At 30 April 2014	5,000	465	61	5,526
At 30 April 2013	4,491	77	214	4,782

Charity	Long leasehold property & improvements	Other leasehold improvements	Furniture, fittings & computer equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 May 2013	5,811	246	3,410	9,467
Additions	-	455	8	463
Disposals	(690)	-	(1,319)	(2,009)
Revaluation	207	-	-	207
At 30 April 2014	5,328	701	2,099	8,128
Depreciation				
At 1 May 2013	1,320	237	3,240	4,797
Charged in year	147	37	143	327
On disposal	(690)	-	(1,319)	(2,009)
On revaluation	(449)	-	-	(449)
At 30 April 2014	328	274	2,064	2,666
Net book value				
At 30 April 2014	5,000	427	35	5,462
At 30 April 2013	4,491	9	170	4,670

Long leasehold property

The long leasehold property consists of the lease to the year 2190 on land and buildings occupied by CAF. The property is held at valuation and was valued at 30 April 2014 by CBRE, Chartered Surveyors. The valuation was carried out in accordance with the guidelines of the Royal Institution of Chartered Surveyors. The open market value, on a vacant possession basis, at that date was estimated at £5 million. A revaluation in accordance with appropriate professional guidelines will be carried out at least every five years; the next is due in April 2019.

The historical cost carrying value of the property and improvements at the balance sheet date was £4,182,000 (2013: £4,326,000).

10. Fixed asset investments

10.1 Group

	Investments held at cost plus/(minus) amortisation	Investments held at market value	Total carrying value 2014	Total carrying value 2013
	£000	£000	£000	£000
At 1 May 2013	40,068	450,023	490,091	501,100
Additions	-	235,177	235,177	306,131
Disposal proceeds/maturing investments	(7,104)	(206,050)	(213,154)	(361,791)
Amortisation of premiums and discounts	(291)	-	(291)	(366)
Net investment gains	-	17,313	17,313	45,017
At 30 April 2014	32,673	496,463	529,136	490,091
Historical cost	34,037	430,478	464,515	429,720
Represented by:				
Listed securities:				
UK Government fixed interest	1,972	14,999	16,971	15,327
Overseas Government fixed interest	24,208	11,319	35,527	27,478
Other fixed interest	6,493	13,583	20,076	26,569
UK equities	-	35,323	35,323	31,548
Overseas equities	-	17,195	17,195	12,253
CAF investment funds:				
FP CAF UK Equity Fund	-	77,069	77,069	68,306
FP CAF Fixed Interest Fund	-	36,748	36,748	39,975
CAF UK Equitrack Fund	-	34,452	34,452	24,315
FP CAF International Equity	-	8,119	8,119	6,048
FP CAF Alternative Strategies	-	5,031	5,031	2,958
Unit trusts and other pooled investments	-	188,460	188,460	140,051
Investment trusts	-	19,005	19,005	8,617
Unlisted investments:				
UK	-	4,814	4,814	934
Overseas	-	9,473	9,473	32,251
Investment portfolio cash and settlements pending	-	20,106	20,106	52,694
Property	-	767	767	767
	32,673	496,463	529,136	490,091

Investments held at cost plus/(minus) amortisation:	Carrying value 2014	Market value 2014	Carrying value 2013	Market value 2013
Comparison of carrying values with market values	£000	£000	£000	£000
Listed securities:				
UK Government fixed interest	1,972	2,248	1,976	2,403
Overseas Government fixed interest	24,208	25,877	26,932	29,911
Other fixed interest	6,493	6,724	11,160	11,503
	32,673	34,849	40,068	43,817

10.2 Charity

	Investments held at cost plus/(minus) amortisation	Investments held at market value	Total carrying value 2014	Total carrying value 2013
	£000	£000	£000	£000
At 1 May 2013	58,597	441,696	500,293	512,120
Additions	-	234,857	234,857	305,907
Disposal proceeds/maturing investments	(7,104)	(206,048)	(213,152)	(361,692)
Amortisation of premiums and discounts	(276)	-	(276)	(352)
Net investment gains	-	16,972	16,972	44,310
At 30 April 2014	51,217	487,477	538,694	500,293
Historical cost	52,478	423,786	476,264	441,486
Represented by:				
Listed securities:				
UK Government fixed interest	1,001	14,999	16,000	14,353
Overseas Government fixed interest	24,208	11,319	35,527	27,478
Other fixed interest	5,058	13,583	18,641	25,122
UK equities	-	35,323	35,323	31,548
Overseas equities	-	17,195	17,195	12,253
CAF investment funds:				
FP CAF UK Equity Fund	-	77,069	77,069	68,306
FP CAF International Equity	-	8,119	8,119	6,048
FP CAF Fixed Interest Fund	-	36,748	36,748	39,975
CAF UK Equitrack Fund	-	34,452	34,452	24,315
FP CAF Alternative Strategies	-	5,031	5,031	2,958
Unit trusts and other pooled investments	-	179,537	179,537	131,786
Investment trusts	-	19,005	19,005	8,617
Unlisted investments:				
UK	-	4,751	4,751	872
Overseas	-	3,872	3,872	27,598
Investment portfolio cash and settlements pending	-	19,875	19,875	49,195
Property	-	767	767	767
Subsidiaries:				
Trading companies	20,950	-	20,950	20,950
Investment holding company	-	5,832	5,832	8,152
	51,217	487,477	538,694	500,293

Investments held at cost plus/(minus) amortisation:	Carrying value 2014	Market value 2014	Carrying value 2013	Market value 2013
Comparison of carrying values with market values	£000	£000	£000	£000
Listed securities:				
UK Government fixed interest	1,001	1,057	1,002	1,106
Overseas Government fixed interest	24,208	25,877	26,932	29,911
Other fixed interest	5,058	5,310	9,713	10,265
	30,267	32,244	37,647	41,282
Trading companies	20,950		20,950	
	51,217		58,597	

11. Current asset investments

Group	Held at cost plus/ (minus) amortisation	
	2014 £000	2013 £000
At 1 May 2013	492,353	689,573
Additions	235,783	483,568
Disposal proceeds/maturing investments	(233,607)	(678,856)
Amortisation of premiums and discounts	(1,557)	(1,932)
At 30 April 2014	492,972	492,353
Historical cost	501,240	503,116

	Carrying value 2014 £000	Market value 2014 £000	Carrying value 2013 £000	Market value 2013 £000
Represented by:				
Listed securities:				
Floating rate notes	174,293	174,474	246,011	245,163
Sterling Eurobonds	285,679	285,622	246,342	248,675
Certificates of deposit	33,000	33,146	-	-
	492,972	493,242	492,353	493,838

The table below shows the breakdown of assets held by credit rating

Category (Fitch credit rating)	2014		2013	
	Carrying value	% of book	Carrying value	% of book
AAA	144,056	29.22%	163,441	33.20%
AA+	-	0.00%	-	0.00%
AA	-	0.00%	-	0.00%
AA-	136,562	27.70%	113,662	23.08%
A+	65,591	13.31%	5,116	1.04%
A	88,993	18.05%	104,986	21.32%
A-	38,818	7.87%	99,978	20.31%
BBB+	18,952	3.84%	5,170	1.05%
	492,972	100.00%	492,353	100.00%

12. Debtors

	Group		Charity	
	2014 £000	2013 £000	2014 £000	2013 £000
Amounts receivable in less than one year:				
Income tax recoverable	4,714	5,952	3,757	4,972
CAF Bank loans to charities	92	191	-	-
CAF Venturesome loans to charities	1,435	1,646	1,435	1,646
CAF Charitable Trust loans to charities	40	60	40	60
Receivable on disposal of investments	11	90	11	90
Staff loans	47	56	47	56
Amounts due from subsidiaries	-	-	1,976	1,165
Other debtors	1,048	1,016	1,005	714
Prepayments and accrued income	1,608	875	1,238	581
	8,995	9,886	9,509	9,284
Amounts receivable in more than one year:				
CAF Bank loans to charities	5,438	-	-	-
CAF Venturesome loans to charities	1,637	1,154	1,637	1,154
CAF Charitable Trust loans to charities	1,883	1,909	1,883	1,909
	8,958	3,063	3,520	3,063
	17,953	12,949	13,029	12,347

13. Money market investments

Included in money market investments are deposits with a term of over twelve months of £62.0m and £85.0m in the charity and group respectively (2013: £69.1m and £89.1m respectively).

14. Creditors

	Group		Charity	
	2014 £000	2013 £000	2014 £000	2013 £000
Amounts payable in less than one year:				
Due to beneficiary charities	6,048	11,031	6,048	11,031
Payable on acquisition of investments	18	185	18	185
Trade creditors	792	1,030	792	1,030
UK corporation tax payable	26	56	-	-
Tax and social security	121	53	121	53
Interest payable	325	775	40	388
Other creditors	6,969	8,142	5,118	6,049
Deferred income	1,087	1,094	1,087	1,094
	15,386	22,366	13,224	19,830
Amounts payable in more than one year:				
Due to beneficiary charities	10,397	8,502	10,397	8,502
	25,783	30,868	23,621	28,332

Amounts due to beneficiary charities represent contractual obligations, principally in respect of longer term grants.

Included within other creditors are amounts totalling £1,558,000 repayable to seven third party investors of CAF Venturesome (2013: £2,773,000, six third party investors). Amounts are repayable within three or six months from receipt of written instruction. The loans do not bear interest and amounts are repaid net of any losses incurred.

15. Donor client balances

The following are either donations to other charities which are being processed by CAF, loans from donor clients, or balances held as agent of other charities. The loans are for an indefinite period.

	Group and charity	
	2014 £000	2013 £000
CAF Give As You Earn	6,755	5,904
CAF Donate	114	(29)
Other	2,256	2,919
	9,125	8,794

Other charitable funds

In addition to the above, the group manages the following charitable funds on behalf of other trusts and foundations through its Global Trustee service and CAF's agency charitable trust service. The investments held for these charities are maintained in segregated portfolios. None of these amounts are included in the financial statements of CAF or the group.

	Group and charity	
	2014 £000	2013 £000
Investments	57,048	64,488
Money market deposits and bank balances	224	1,170
	57,272	65,658
Bank balances with CAF Bank	665	832
	57,937	66,490

16. Loan stock and preference shares

		Group	
	Notes	2014 £000	2013 £000
Loan stock:	16.1		
Floating rate:			
Second issue	(a)	100	100
Sixth issue	(b)	250	250
		350	350
Preference shares	16.2	1,500	1,500
		1,850	1,850

16.1 Loan stock

Subordinated loan stock consists of unsecured borrowings issued by CAF Bank, for the development and expansion of its business and to strengthen the capital base.

Security and subordination

None of the loan stock is secured. All loan stock is subordinated to the claims of depositors and other unsubordinated creditors of CAF Bank.

Interest and repayment

- This issue bears interest at a rate fixed daily based on the rates paid to CAF Bank's depositors, and is redeemable at par on the expiry of not less than five years and one day's notice given by CAF Bank or the stockholder. No such notice has been given.
- This issue bears interest at rates fixed periodically based on London Inter Bank Offered Rates. This issue has no fixed date for repayment.

With the consent of the Prudential Regulation Authority (but not otherwise), CAF Bank may redeem any stock at par on the expiry of not less than fourteen days' notice to the stockholders.

16.2 Preference shares

Preference shares represent 1,500,000 9.15% preference shares of £1 issued by CAF Bank.

These are redeemable at par upon 28 days' written notice being given by CAF Bank. The shares confer the right in a winding up of CAF Bank to the capital paid up on them in priority to ordinary shares. The holders of these shares are entitled to a fixed non-cumulative dividend payable half yearly, but have no rights to attend or vote at general meetings.

17. Provisions for liabilities

	Group and charity	
	2014 £000	2013 £000
At 1 May 2013	243	357
Credited to the SOFA	(243)	(114)
At 30 April 2014	-	243

The provision related to the shortfall in sublease rental income on leasehold premises compared to the headlease rental payments. CAF made a final payment in respect of the headlease during the year under review and has no further related commitments.

18. Statement of funds

		At 1 May 2013	Income and donations received	Expenditure on charitable activities	Exceptional items	Recognised gains	At 30 April 2014
	Notes	£000	£000	£000	£000	£000	£000
Group							
Unrestricted funds	18.1	47,797	31,801	(29,163)	(2,100)	3,151	51,486
Restricted funds	18.2	920,999	386,412	(377,714)	-	14,729	944,426
Endowment funds	18.3	2,170	-	(165)	-	84	2,089
		970,966	418,213	(407,042)	(2,100)	17,964	998,001
Charity							
Unrestricted funds	18.1	47,249	24,350	(21,912)	(2,100)	3,151	50,738
Restricted funds	18.2	876,909	329,495	(324,055)	-	14,388	896,737
Endowment funds	18.3	1,923	-	(51)	-	84	1,956
		926,081	353,845	(346,018)	(2,100)	17,623	949,431

18.1 Unrestricted funds

	At 1 May 2013	Income and donations received	Expenditure on charitable activities	Exceptional item	Recognised gains	At 30 April 2014
	£000	£000	£000	£000	£000	£000
Group						
General funds	47,630	31,801	(29,163)	(2,100)	2,500	50,668
Property revaluation reserve	167	-	-	-	651	818
	47,797	31,801	(29,163)	(2,100)	3,151	51,486
Charity						
General funds	47,082	24,350	(21,912)	(2,100)	2,500	49,920
Property revaluation reserve	167	-	-	-	651	818
	47,249	24,350	(21,912)	(2,100)	3,151	50,738

General funds – comprise accumulated operating surpluses, income from investments, legacies and other gifts received.

Property revaluation reserve – represents the difference between the net book value and the historical cost of the long leasehold property occupied by CAF as its head office.

18. Statement of funds (continued)

18.2 Restricted funds

	At 1 May 2013	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains	At 30 April 2014
Group	£000	£000	£000	£000	£000	£000
Major donors						
CAF Charitable Trusts	689,025	132,250	(130,594)	(8,634)	14,388	696,435
Regular givers						
Individual charity accounts	87,159	69,622	(74,364)	5,393	-	87,810
Companies						
Company accounts	54,297	87,779	(79,823)	3,007	1	65,261
CAF Give As You Earn charity accounts	28,165	30,310	(30,324)	(242)	-	27,909
	82,462	118,089	(110,147)	2,765	1	93,170
Charities						
CAF Venturesome accounts	578	2	(86)	413	1	908
CAF Social Impact Fund	4,812	-	(125)	1,621	-	6,308
	5,390	2	(211)	2,034	1	7,216
International						
CAF American Donor Fund	37,869	35,196	(33,971)	(557)	341	38,878
CAF America	3,634	19,762	(13,276)	(4,277)	-	5,843
CAF Australia	2,391	4,234	(4,599)	443	-	2,469
CAF Russia grant programmes	4,351	4,560	(8,417)	568	(2)	1,060
CAF Philanthropy Services LLC	12	-	(12)	-	-	-
CAF Foundation for Philanthropy	184	2,325	(2,009)	-	-	500
	48,441	66,077	(62,284)	(3,823)	339	48,750
Sector support						
CAF grants programme	8,223	39	(89)	2,517	-	10,690
Other funds	299	333	(25)	(252)	-	355
	8,522	372	(114)	2,265	-	11,045
	920,999	386,412	(377,714)	-	14,729	944,426
Charity						
Major donors						
CAF Charitable Trusts	689,025	132,250	(130,803)	(8,424)	14,388	696,436
Regular givers						
Individual charity accounts	87,159	69,622	(74,364)	5,393	-	87,810
Companies						
Company accounts	54,297	91,811	(79,823)	(1,024)	1	65,262
CAF Give As You Earn charity accounts	28,165	30,310	(30,324)	(242)	-	27,909
	82,462	122,121	(110,147)	(1,266)	1	93,171
Charities						
CAF Venturesome accounts	578	2	(85)	411	1	907
CAF Social Impact Fund	4,812	-	(125)	1,621	-	6,308
	5,390	2	(210)	2,032	1	7,215
International						
CAF Russia grant programmes	4,351	5,128	(8,416)	-	(2)	1,061
Sector Support						
CAF grants programme	8,223	39	(90)	2,517	-	10,689
Other funds	299	333	(25)	(252)	-	355
	8,522	372	(115)	2,265	-	11,044
	876,909	329,495	(324,055)	-	14,388	896,737

18.2 Restricted funds (continued)

Restricted funds comprise:

- a. **CAF Charitable Trusts** consist of capital gifted to CAF and the related investment income. The capital is held in accordance with CAF's investment policy for CAF Charitable Trusts and investment gains or losses are credited or charged to the funds. These funds may only be used to make payments to other charities as instructed by the donor
- b. **Individual charity accounts, Company accounts and CAF Give As You Earn charity accounts** – represent amounts gifted to CAF by individual and corporate donors which are held in accounts until disbursed to charities on behalf of the donor
- c. **CAF Venturesome accounts** – represent funds set aside by CAF donors to complement the funds assigned by the Trustees for CAF Venturesome (see note 1)
- d. **CAF Social Impact Fund** – represents funds set aside by CAF donors to support the activities of the CAF Social Impact Fund (see note 1)
- e. **CAF American Donor Fund, CAF America and CAF Australia** – represent undistributed donations received by each of these charities. The boards of these entities review, validate and approve donors' suggestions for distributions to charities worldwide
- f. **CAF Russia grant programmes** – represent funds received from institutional donors which may only be used to make payments to charities in the former Soviet Union in accordance with restrictions imposed by the donor
- g. **CAF grants programme** – represents funds available to support CAF's grants programme
- h. **Other restricted funds** - are invested in accordance with the investment policies set out in the Trustees' report

Transfers between restricted funds

Transfers between funds occur where a donor gives funds into a range of restricted funds and subsequently requests a transfer between the funds.

18.3 Endowment funds

	At 1 May 2013	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains	At 30 April 2014
	£000	£000	£000	£000	£000	£000
Charity						
CAF Russia:						
C S Mott Foundation	644	-	-	-	35	679
The Ford Foundation	1,279	-	(51)	-	49	1,277
	1,923	-	(51)	-	84	1,956
Group						
CAF Australia Bequest	247	-	(114)	-	-	133
	2,170	-	(165)	-	84	2,089

CAF Russia – the two endowments are permanent. The principals are maintained in segregated funds in perpetuity and the income from each used to support CAF's operations in Russia.

CAF Australia Bequest – represents an expendable endowment to be used for the strategic development of the CAF Group's activities in Australia, which is expected to continue to be drawn down by CAF Australia over the next twelve months.

19. Analysis of group net assets between funds and client balances

	Unrestricted funds	Restricted funds	Endowment funds	CAF Bank and donor client balances	Total 2014
	£000	£000	£000	£000	£000
Tangible fixed assets	5,526	-	-	-	5,526
Fixed asset investments	5,059	520,917	739	2,421	529,136
Current asset investments	-	-	-	492,972	492,972
Other current assets	50,685	441,608	1,350	493,489	987,132
Depositor and client balances	-	-	-	(987,032)	(987,032)
Other liabilities	(10,911)	(18,099)	-	(1,850)	(30,860)
Total net assets	50,359	944,426	2,089	-	996,874

20. Group cash flow statement

20.1 Reconciliation of net surplus to net cash (outflow)/inflow from operating activities

	2014	2013
	£000	£000
Net surplus before other recognised gains and losses	9,122	19,935
Revaluation of property	(5)	(4)
Depreciation	368	425
Losses on disposal of tangible fixed assets	14	-
Amortisation of investments	1,848	2,298
Non-cash transactions:		
Donation received	(1,500)	-
Charity Bank charitable property	(8,120)	-
Charity Bank irrevocable capital contribution	8,120	-
Increase in interest receivable	(406)	(175)
Increase in debtors	(5,004)	(5,216)
Decrease in creditors	(5,055)	(8,879)
Increase in donor client balances	331	400
Increase/(decrease) in CAF Bank depositors' balances	55,690	(42,450)
Increase in defined benefit pension scheme liability	2,100	-
Decrease in provisions for liabilities	(243)	(114)
Net cash inflow/(outflow) from operating activities	57,260	(33,780)

20.2 Reconciliation of net cash flow to movement in cash and current asset investments

	2014	2013
	£000	£000
(Decrease)/increase in cash in the year	(5,041)	16,538
Cash inflow from increase in liquid resources	39,051	200,394
Changes in cash and liquid resources resulting from cash flow	34,010	216,932
Increase/(decrease) in current asset investments	619	(197,220)
Movement in the year	34,629	19,712
Balance at 1 May 2013	1,418,197	1,398,485
Balance at 30 April 2014	1,452,826	1,418,197

20.3 Analysis of cash and current asset investments

	At 1 May 2013	Cash flow	Non cash movements	At 30 April 2014
	£000	£000	£000	£000
Cash at bank and in hand	82,254	(5,041)	-	77,213
Money market deposits	843,590	39,051	-	882,641
	925,844	34,010	-	959,854
Current asset investments	492,353	2,176	(1,557)	492,972
	1,418,197	36,186	(1,557)	1,452,826

21. Trustees

The Trustees receive no remuneration for their services (2013: nil), but are reimbursed for out-of-pocket expenses in respect of attending meetings and carrying out duties on behalf of CAF. The aggregate value reimbursed for the year was £254 paid to one Trustee (2013: £772 to two Trustees).

None of the Trustees nor any connected persons had a material or beneficial interest in any contract or undertaking with CAF, nor in the shares of its subsidiary companies (2013: none).

22. Operating lease commitments

At the balance sheet date the group and CAF had annual commitments under non-cancellable operating leases for land and buildings as set out below:

	2014 £000	2013 £000
Operating leases which expire:		
Within one year	-	150
Between one and five years	26	135
After more than five years (commencing June 2015)	374	-

The amounts charged to the SOFA totalled £165,000 (2013: £285,000).

23. Financial instruments

CAF Bank, CAF's banking subsidiary, is exposed to a range of risks relating to financial instruments. The risks include those relating to fluctuations in market prices, interest rates and foreign currencies and liquidity and credit.

The details of the risks to which the bank is exposed are set out in full in its annual report and financial statements, copies of which may be obtained from CAF's website.

The group does not utilise financial derivatives.

24. Financial commitments and contingent liabilities

At the balance sheet date the group was committed to the following:

	2014 £000	2013 £000
Charity		
Grant commitments	9,873	10,133
CAF Venturesome loans	1,272	1,306
CAF Social Impact Fund loans	780	466
Capital commitments	-	-
	11,925	11,905
Group		
CAF Bank commitments to customers	12,150	6,993
	24,075	18,898

Commitments to beneficiary charities

At the balance sheet date the group was committed to pay donations from restricted funds to beneficiary charities over a period to 2017, subject to certain conditions being met by the charities. No amount has been recorded in the balance sheet for these amounts.

CAF Venturesome and CAF Social Impact Fund loans to charities

At the balance sheet date CAF Venturesome and CAF Social Impact Fund were committed to provide loans to charities, subject to certain conditions being met. No liability has been recorded in the balance sheet for these loans. The commitments become due or expire (if the charity no longer needs the funding) within one year.

CAF Bank commitments to charities

At the balance sheet date CAF Bank had commitments comprising amounts yet to be drawn under loan or overdraft agreements and BACS payment facilities.

25. Pension obligations

CAF participates in pension arrangements administered by the Pensions Trust and Hargreaves Lansdown.

On auto-enrolment the employee contribution rate is 1% of basic salary and CAF also contributes 1%. After three months employees may elect to increase their contribution rate to either 3% or 5.67% of basic salary, with CAF contributing 6% or 11.33% respectively.

a. Hargreaves Lansdown

The Hargreaves Lansdown scheme is a defined contribution self invested group pension. Since 1 July 2012 new employees have been enrolled into this scheme.

b. Pensions Trust Unitised Ethical Plan and Flexible Retirement Plan

The Unitised Ethical Plan is invested entirely in equity shares within the Stewardship Fund. The Flexible Retirement Plan is a money purchase pension scheme and employees' units are invested in a range of investment funds. The value of the units in the funds at the date of retirement will determine the amount available to provide the pension. There are no guarantees attaching to either plan.

c. Pensions Trust Growth Plan Series 4

Series 4 of the Pensions Trust Growth Plan is a defined contribution plan. Members' contributions purchase units in either the GP Managed Fund, which is invested 65% in global equities and 35% non-equities or the GP Pre-retirement Fund, which is invested 75% in bonds and 25% in cash, depending on whether they are within five years of retirement. There is also the option for members to invest in a cash-based fund. At retirement members' units will be cashed in and the value of the fund will be used to purchase an annuity.

d. Pensions Trust Growth Plan Series 1, 2 and 3 ('Growth Plan')

This is a multi employer pension plan, which is funded and is not contracted out of the State scheme.

Contributions paid into the Growth Plan up to and including September 2001 (Series 1 and 2) were converted to defined benefit amounts of pension payable from normal retirement date. Details of a contingent liability in respect of these contributions are set out in note 25f below.

From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement either within the Growth Plan or by the purchase of an annuity (Series 3).

Series 3 was closed to CAF employees in July 2012 and members were transferred to Growth Plan Series 4 for future contributions.

The rules of the Growth Plan allow for the declaration of bonuses and investment credits if this is within the financial capacity of the plan, assessed on a prudent basis. Bonuses and investment credits are not guaranteed and are declared at the discretion of the Growth Plan's trustee.

Following a review of the Growth Plan, CAF plans to withdraw from the Growth Plan Series 1, 2 and 3 at a date yet to be agreed but expected to be within the next six months. CAF is in the process of setting up a new single employer defined benefit pension scheme, which it is planned will be accepting CAF's share of the accrued assets and liabilities from the Growth Plan (Series 1, 2 and 3) as a bulk transfer. The new scheme

will be closed to new joiners from its inception and will provide benefits on exactly the same basis as the Growth Plan. Members of the new scheme will not earn any further benefits. No other employer will participate in the new CAF scheme.

As the Pensions Trust Growth Plan is a multi-employer pension plan, in previous years CAF was unable to identify its share of the assets and liabilities of the plan and accordingly the accounting charge under FRS17 represented the employer contribution payable. As a result of CAF's intention to withdraw from the Growth Plan and subsequent discussions with the Pensions Trust, information has been made available to CAF such that it is now able to identify its share of underlying assets and liabilities in the Growth Plan on a consistent and reasonable basis. CAF is therefore able to account for its share of the deficit in the Growth Plan as at 30 April 2014 in accordance with the provisions of FRS17.

An actuarial valuation of the Growth Plan is carried out on a three yearly basis. The last valuation was at 30 September 2011. The valuation showed total liabilities of the scheme were £928 million; the assets were £780 million, resulting in a deficit of £148 million. Since 1 April 2013, as part of a recovery plan for the Growth Plan, CAF is required to pay additional contributions for ten years to address its share of the deficit relating to employees who were scheme members prior to 1 October 2001. The additional contributions paid in the year ended 30 April 2014 were £324,815 and are included in the pensions cost for the year. This additional contribution will increase by 3% per annum.

At 30 April 2014, CAF's share of the Growth Plan assets was valued by an independent qualified actuary for FRS17 purposes. The actuary has calculated the value of the liabilities in accordance with FRS17 on an approximate basis using the projected unit method at the accounting date. The estimated FRS17 deficit of £2.1 million at this date is shown as an exceptional item in the Statement of Financial Activities. Further details together with the assumptions used are shown in note 25e.

e. **Growth Plan financial position at the balance sheet date and assumptions**

- i) Amounts recognised in the balance sheet based upon CAF's assumed share of assets and liabilities:

	2014
Balance sheet as at 30 April 2014	£000
Present value of liabilities	21,700
Fair value of assets	(19,600)
Balance sheet liability at 30 April 2014	2,100

The above liabilities and assets include £5.1 million and £4.6 million respectively, which represent CAF's share of the Growth Plan's orphaned members.

- ii) The major categories of the assumed share of the assets as a percentage of total assets are as follows:

	2014
	Allocation
Equities	11%
Corporate bonds	6%
Hedge funds	12%
Cash	36%
Liability hedging assets	11%
Insurance policies	24%
	100%

- iii) The principal assumptions at the balance sheet date

	2014
Discount rate	4.2% pa
Inflation measured by Consumer Prices Index (CPI)	2.4% pa
Pension increases in payment:	
CPI capped at 5% pa	2.4% pa
CPI capped at 2.5% pa	2.2% pa
Life expectancy of a male aged 65 in 2014	23.6 yrs
Life expectancy of a male aged 65 in 2034	25.8 yrs
Commutation	
An allowance for members to take part of their pension as a lump sum at retirement on the terms currently available.	

25. Pension obligations (continued)

f. Contingent liability in respect of Pensions Trust Growth Plan

Pending the completion of the bulk transfer of CAF's share of the assets and liabilities of the Growth Plan to the new single employer defined benefit pension scheme, CAF has a contingent liability in respect of the orphaned liabilities within the Growth Plan administered by The Pensions Trust. This amounts to £0.8m and is represented by the difference between:

- CAF's share of the solvency funding position attributable to the orphaned liabilities (£1.3 million as at 30 April 2014); and
- the portion of CAF's share of the scheme's deficit attributable to orphaned liabilities, accounted for in these accounts in accordance with FRS 17 (£0.5 million).

26. Transactions with related parties

On 31 May 2013 as part of its capital reorganisation, Charity Bank's charitable property of £8.12m was transferred to CAF in accordance with a Charity Commission approved scheme which also provided for CAF to immediately make an irrevocable capital contribution of the same value back to Charity Bank. This capital contribution was made on 31 May 2013. See note 2.

CAF Bank has an agreement with Charity Bank to provide loan administration and credit services to CAF Bank. The agreement is on commercial arm's length terms. The costs paid to Charity Bank from this agreement during the year was £59,000 (2013: £61,000) including an accrual at the end of the year of £5,000 (2013: £nil).

27. Post balance sheet event

On 20 May 2014 CAF invested an additional £2m in CAF Bank's ordinary share capital.

TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

Patron

HRH Prince Philip, The Duke of Edinburgh KG KT

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at date of signing of this report

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Dr Julie Maxton (appointed 1 May 2014)

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at date of signing of this report

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Auditor

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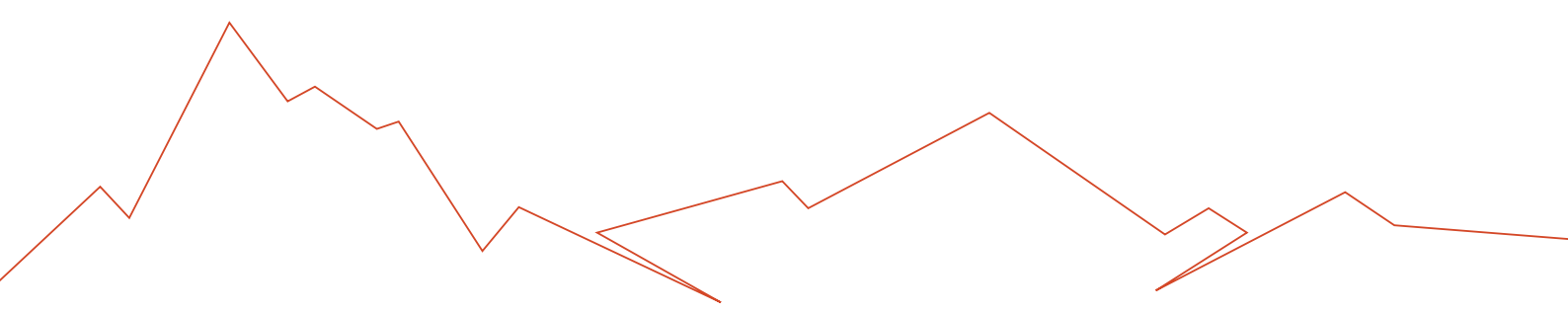
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